

**SINGAPORE NATIONAL TRADES UNION CONGRESS**

*The Problems of  
Workers in  
Developing Countries*

**Working Papers  
presented  
by the  
Central Committee  
of the  
Singapore National**

**Trades Union Congress, to THE INTERNATIONAL LABOUR SEMINAR**

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## THE AFRO-ASIAN CONSENSUS

*"We in the Singapore National Trades Union Congress hold that although there may not be any consensus at superficial levels, there does exist a deeper, a more fundamental and more enduring consensus among the peoples of Afro-Asia, which escapes the generally unsympathetic and often jaundiced vision of Western observers and critics. This is a basic and fundamental consensus which underlies all superficial differences and even conflicts. It is a consensus derived from the common experiences of subjection to the forces of imperialism and colonialism, and of national struggles for national independence; from the universal Afro-Asian endeavour to free our peoples from the thralldom of poverty and backwardness and to progress towards more just and equal societies in our various countries. In short, it is the consensus of the "have-nots" of the world."*

# Introduction

by C. V. Devan Nair

Secretary General

National Trades Union Congress

We present in the following pages working papers which will form the basis for discussion at the International Labour Seminar, sponsored by the Singapore National Trades Union Congress, on the subject:—

## **“THE PROBLEMS OF WORKERS IN DEVELOPING COUNTRIES”**

The Central Committee of the Singapore National Trades Union Congress offers these papers as a humble contribution to the Seminar. We must make it clear that we do not lay any claim to infallibility or to the comprehensiveness of our papers.

We recognise that approaches to the problems of social and economic development and trade union participation and involvement in such developments, vary from country to country. In the last resort, particular points of view and particular attitudes are determined by a combination of historical, geographical, cultural, ideological, political and economic factors. Many permutations and combinations of these factors are possible, giving rise to different formulations and expressions of the problems of workers in developing countries. Every such formulation has its own validity and legitimacy.

The presentation of the problems as contained in these working papers has, inevitably, been determined to a large extent by the conditions and experiences peculiar to Singapore. We will not dare to claim, therefore, any universal validity for the views, ideas and suggestions we put forward.

Nonetheless, we believe that it is necessary and desirable for trade union leaders in the developing countries to get together frequently, to compare notes, pool experiences and exchange views, so that there might evolve a consensus relating to the problems of workers in developing countries.

Trade union leaders from several Afro-Asian countries will be present at this seminar, and we look forward with great interest and with respect to hearing their distinctive contributions. We are certain that as a result of this seminar, our own views on the subject are bound to be enriched and enlarged by the contributions we expect from our brother trade unionists in Afro-Asia. We are equally confident that others participating will also benefit in a similar manner.

It is significant that this international seminar is in fact an Afro-Asian one. Critics of the ideal of Afro-Asian solidarity have very often sought to decry such solidarity on the ground that there is in fact no political, ideological or cultural consensus in Afro-Asia. They trot out such superficialities and believe that they have made their point.

We in the S.N.T.U.C. hold that although there may not be any consensus at superficial levels, there does exist a deeper, a more fundamental and more enduring consensus among the peoples of Afro-Asia, which escapes the generally unsympathetic and often jaundiced vision of Western observers and critics. This is a basic and fundamental consensus which underlies all superficial differences and even conflicts. It is a consensus derived from the common experiences of subjection to the forces of imperialism and colonialism, and of national struggles for national independence; from the universal Afro-Asian endeavour to free our peoples from the thralldom of poverty and backwardness and to progress towards more just and equal societies in our various countries. In short, it is the consensus of the “have-nots” of the world.

We may take several different roads but we have a common goal, and that is the social, economic and cultural emancipation of our peoples, the creation of prosperity and happiness in our countries, and through these means to advance the happiness and peace of all mankind.

## **the role of trade unions in securing social change**

### **1. The Age of Revolutions.**

The need for social change is an axiom of the modern world. Never in world history have so many revolutions synchronised. There is the revolution of national independence represented in the growth of the number of members of the United Nations from 51 to 117 between 1945 and 1965, with three new countries, including Singapore, which have now been admitted. There is the swing in the balance of world power and world attention to the Afro-Asian countries. There is the revolution towards the sovereignty of the people through the implementation of the slogan "One Man, One Vote". There is the revolution of the welfare state at the service of the basic needs of the people. There is the socialistic revolution against laissez-faire and towards planning in production and towards egalitarianism in the distribution of the products of industry. There is the revolution of modernising a society — the transfer of power from traditional and feudal leadership to new, popularly-based regimes, the introduction of efficient methods in industry and agriculture to ensure the highest productivity, and the change in social attitudes which go with a change from a barter or a local market to a monetary economy based on the wider national or international market, from an agricultural to an industrial society, from a rural to an urban, from a traditional education of acceptance to a scientific education of analysis. There is the revolution of pure science and applied technology — more sources of power, more exploitation of that power through automation, and as a result cheaper goods for the mass market. And these add up to what has been called the revolution of rising expectations or to express the idea more precisely greater expectations of higher standards by more people.

Personal appetite, political pressures, technological capacity and organisational apparatus can mutually reinforce each other, but on the other hand lack of understanding of how to organise, co-ordinate and direct these forces already unleashed can create confusion. Intelligent and effective leadership must match up to the greater political economic and social opportunities and responsibilities of the newly autonomous, self-guiding and self-planning states of today.

### **2. The Direction of Social Change.**

This is not to suggest that social change is predestined to flow in one direction only and that the right one. Change inevitable may come violently rather than peacefully: for the worse rather than for the better. Change must therefore be planned and controlled to the greatest extent possible. This requires a definition, even if only in outline, of the kind of society which is to be striven for: and this definition must be related to the capacity of the people and the natural resources available to them, and the amount and kind of assistance available from other countries. These will also determine the speed at which the change can be achieved. Moreover changes require the building up of Social pressures to carry them through. Where political power, economic wealth and social status and opportunities have been limited to a non-responsible minority in a society, the minority will not transfer their power purely voluntarily. Peaceful majority pressure must be applied; and this requires the organisation of political parties, trade unions, and other cohesive, disciplined groups to push forward, to guide, and to consolidate the social changes. These groups, if working in parallel, may be described as a movement, though such a move-

ment may have no formal organization. Such a movement requires a leadership which can clearly understand for itself and project into the minds of others the kind of society which is striven for; which can win the confidence of the people in fair weather and in foul, in normal times and in emergency; which can maintain unity in the leadership, and discipline with a sense of voluntary participation in, and identification with, the movement among the largest proportion of the public; and which has the capacity of organisation to make the fullest use of the personal skills and material resources available.

There could be different definitions of the purpose of planning, but one can assume some broad similarities as trade unions exist to build a nation with a national feeling shared by the workers whose interests it fulfils and guarantees. This purpose can be defined as democratic and socialistic. That is, government must be in the name of the people, responsible and responsive to the people, and involving the people in the processes of discussion and decision, and giving them a decisive voice. In economics there must be an overall plan, politically determined to ensure both efficient production and just distribution. And in society, there must be a positive policy of training the mind and body of the citizen for the use of his abilities, and a society which gives opportunities to each for the exercise of his abilities, with the social and personal satisfaction such action provides.

### 3. The Role of Trade Unions.

The most difficult question for a Trade Union in a country in process of social change is the implication of its limited role. A Trade Union in a democracy is essentially an organisation of workers in a particular industry or craft in order to safeguard the interest of the workers, to insist on the democratic right of consultation on matters affecting them as workers, and to provide a channel for such consultation and a self-disciplining group to carry out agreements freely negotiated. It can never therefore claim to represent all the people in all their interests. It is essentially a partial organisation, neither political nor national in the fully comprehensive sense of these words.

This having been said, trade unions are nevertheless essential in a democracy. The right to consultation must exist in the plantations or on the factory floor as on the hustings. Moreover as the workers, industrial and agricultural, are the majority of the citizens of any

country, the broad pattern and purpose of a society must be acceptable to them and must include institutions such as Trade Unions which are of close and direct interest to them. On the other hand the strength of a Trade Union movement however lies in its economic legitimacy i.e. the justification of its claim to represent its members. This means that its leaders are chosen by democratic processes, continue in constant contact with its members, understand their problems and build up the respectful support of its members based on experience of their leadership in practice and good advice. Moreover a Trade Union movement must seek to represent non-unionised labour, and, between unions, must seek to balance out, according to acceptable standards of individual merit or social value, the relative distribution of wage amounts and wage levels.

While a trade union movement cannot claim to supplant the national political leadership, it has a vital interest in the policy of that leadership. The essential aim of a trade union movement is a society based on equality of political status and economic opportunity, and on a recognition of the rights of workers to organise in pursuit of their interests within the context of the nation of which they are the major part. A trade union movement must therefore have a constant interest in politics, and especially so, at a time of social change when institutions and policies are being re-shaped, in order to ensure that the new society emerges in a form congenial to them. Sometimes the action of trade unions will be positive to lead the government through internal pressures within the political organisation, or through the external pressures of public opinion or negatively to restrain policies or legislation, antagonistic in intent or harmful in fact, to the interest of workers.

But this implies two things. First Trade Unions should think and act creatively, responsibly and independently. This requires a Brains Trust to play their part in the planning and building of a new society, by ensuring that the long-term interests of the workers are an integral element in nation-building. Either to accept the views of a government or political party uncritically or without the opportunity of joint discussion or to take an attitude of permanent opposition, will weaken the status and self-respect and leadership of a trade union movement. In this respect the predominantly negative habit of Trade Unions in Western Countries in which the bitterness of the long struggles of the Industrial Bad Days has harden-

ed and where Labour Governments only have power for short periods and an opposition mentality has therefore become habitual, can become dangerously inappropriate in new countries where governments of working class outlook are in power.

Again, if trade unions are to play the strong role which it is best for a transitional society that they should play, they must be strong in membership, and in organisation. Then their voice is heard and respected, as carrying the power of numbers and the power of the thought and discussion which has gone into the formulation of their views.

#### 4. Trade Unions and Political Action.

If however the Trade Unions must act in the political field, and if no nation can be built without seeing to the interests of the members of the Trade Union movement, and winning their support through a proven identity of interest in the success of the policies, formulated and followed by the political party in power, what must be the relationship between the political and Trade Union movements? The ideal is that the two movements each in full freedom should reach an agreement to which both can give full-hearted loyalty in word and dedication and deed. But where there is no established national tradition to keep differences within national bounds, where personal, tribal or communal, and ideological interests diverge, where elite ability is scarce, where the organised democratic dialogue of public debate is considered as a waste of abilities and as hostile to action, and not a necessary preliminary to action, this ideal of freely negotiated and lasting agreement cannot be realised without great difficulty, if at all. Yet agreement there must be at a time of social change on the direction of the change; and in face of the sheer inertia of tradition and political apathy, any dilution or dissipation of dynamic leadership must be justified up to the hilt. Can new countries afford conflict between the political and Trade Union leadership? If not, can agreement be reached by compromise and consultation between separate organisations, the primacy of the political movement being accepted or must the Trade Union movement become a disciplined subordinate of political movement. These are urgent questions of practice in which agreement is the necessity and circumstances must determine, how agreement is to be reached.

#### 5. Trade Unions and the Economic Sphere.

The next range of questions concerns the role of the trade unions within their immediate economic sphere, and where their direct aim, the improvement of the lot of the workers, and their power of pressure, through the use of the right of the workers to strike or go slow, is of immediate impact. In this sphere there are two distinct yet inseparable aspects of the problem, and emphasis on one or the other leads to divergent policies. These are problems of production and distribution.

The new countries are the economically developing, comparatively poor countries either from lack of national resources, or the past denial of educational opportunities, or from their colonial role of producers of raw materials and foodstuffs as peripheral parts of imperial economies and from the resulting absence of a varied and sophisticated industrial economy. In order to raise the basic standard of individual life, to provide the basic minimum of a welfare state, and to provide within the society a wider range of better paid, more skilled and more satisfying jobs and the sophisticated satisfactions of an urban industrialised society, there must be a massive movement forward. This requires capital investment in the economic infrastructure — roads, irrigation dams, hydro electricity — or on the expensive basic industrial units — e.g. steel plants. The new countries do not have internal reserves of capital, and the wealth of the land cannot be realised for investment in industry. Moreover, the productivity of labour is a factor of the amount of capital which can be invested in machines. The problem is further complicated that to control the problem of urban unemployment in the town which become the magnet for agriculturally skilled but industrially unskilled labour, the labour must be employed in labour-intensive industries, socially necessary but comparatively inefficient economically.

If the capital is to come from internal sources, wages must not rise to such a level as to prevent the accumulation of capital for further investment. If the capital comes from overseas, it must be paid for by a rate of profit which will encourage the capital to remain, and will attract capital which might seek a better outlet in other territories. Trade Unions can take the attitude that it is for the government to look after the long-term development of the economy, while it is their task to get, in the short-run, the maximum wages and fringe benefits, and this rather than the productivity of workers must be

their first concern. This raises the question of whether the worker is primarily a unit in the economic sector, or whether he is equally a citizen who must in his attitude to his own job apply the guidance which the government which represents him as a citizen must apply in the national interest to the economic sector of which he, as a worker, is a part. This requires understanding by the worker of the change from an extroverted and uncontrolled colonial economy to an introverted and controlled national economy. A Trade Union movement has therefore a direct concern in the teaching of economics to their members. This is the experience of the British Trade Union movement in the dark days of the 19th Century when they sought to understand the laws of economics in order to apply and control them.

Acceptance of an increase in the productivity of the individual and of the economic unit without any simultaneous and similar increase in the remuneration of the workers, cannot be taken for granted. It runs against normal expectations and the democratic Trade Unions, responsive and responsible to the wishes of their members, must play a democratic role of counter-persuasion to make this collective self-discipline acceptable through understanding. Social self-restraint can only be justified in terms of the interest of the workers who are the major part of the nation. The national cake, of the hackneyed analogy, which is to be enlarged, must be accepted as their cake and there must be some credible assurance that present restraint will earn future rewards. This is the most urgent argument for government by a political party which will not only give this assurance but which is trusted to honour it in years to come.

This approach to the problem is made the more difficult of solution by circumstances. When wages are held down in the interest of capital accumulation for investment within the territory, the logic of the argument is clear. But if the profits go overseas and are unlikely to be re-invested in the territory, it is expediency and not logic which prevails; and this makes political and Trade Union leaders appear vulnerable in their principles. Again, when there is a low standard of life and when expectations stimulated in the Utopian context of any revolutionary movement and by the import for the few of the gimmickry which many equate with western culture, it is psychologically difficult to argue against the proliferation of luxuries by imports and small consumer industries, and in favour of major industries whose earning power is not immediately or directly related to

the needs of the individual workmen. Moreover if higher wages are the incentive to more work and there is no greater quantity of goods available, this is the classic broad and straight way to inflation by too much money chasing too few goods. Finally if Trade Unions in the government sector or the sector of modern or comparatively large-scale industry, force the wage-levels so high that capital cannot be available to widen and strengthen the impact of modern economic methods in other sectors of the society, there is created an internal imbalance which will hinder national advance, just as the list of a badly-loaded ship makes navigation slow and hazardous.

As this argument may seem to digress from the main problem this paper seeks to analyse, recapitulation may be helpful. Without economic advance there can be no fundamental social change. Shared affluence and not shared poverty is the aim. This requires positive response and greater productivity from the workers and it is the responsibility of Trade Unions to evoke them. But the incentive to work is the achievement of a better living for the workers, and that is only possible for the majority in a more prosperous economy and a healthier and more balanced society. This requires the diversion of goods and skills from the creation of immediate enjoyments, to the long-term policy and action of laying the foundation for future satisfactions, with some guarantee of their being durable and making it physically possible for today's luxuries to become tomorrow's necessities. A colony lives essentially for the day; a nation has a tomorrow. Social planning and the psychological adjustment of attitudes and habits must of necessity have a long perspective: and Trade Union thought and action must be based on the same length of perspective.

## 6. Social Change within the Process of Production.

Social change must also be reflected within the process of production, for political, social and economic change must all be consistent in their principles. The basic contradiction of the primitive laissez-faire capital lay between its principles of freedom and equality in the political process, and the denial of them in the economic process. Social change cannot therefore be stopped at the factory or plantation gate. If men have the right to be consulted in the political sphere, they have the right to be consulted in the economic sphere. If constitutions are so drafted as to give adult men and women



a sense of participation in a common endeavour, the constitution of the economy in general, and of the economic units in particular must be similarly drafted. Trade Unions are a symbol — and an insurance through legitimate peaceful pressure — of the right of the workers to be consulted. There must be created a readiness to be consulted, a capacity for consultation, and a responsibility in the content and manner of consultation, in both management and Trade Union leadership. Such consultation gives opportunities for irresponsibility on both or either side, to the detriment of both sides, or either. And the confrontation is continuous — every working day in contrast to the less frequent direct contacts in the political field. But the logic of this situation is not that democratic consultations should be infrequent and episodic in the industrial field, but that the Trade Unions are in the front line in the battle for, and instruction in, responsible democratic attitudes, of mutual consultation based on mutual respect.

Another legitimate concern of Trade Unions is the climate of work. The old assumption that factories were planned for the convenience of machines and not of workers was of a piece with the long hours of exhausting drudgery which made the factory a symbol of imprisonment by economic circumstance. And they were of a piece with the inhuman climate of the industrial towns and the low standards of housing and general amenities which were considered a fit setting for the worker and his family. This pattern has changed with provision for light and safety, ventilation and space, canteens and rest rooms, design and colour, and even music while you work which are all considered as psychological aids to the productivity and loyalty of the workers, whether men or women. And this reflects too the better standard of civic and individual amenity which would make the old style factory stand out literally like a sore thumb in unwelcome contrast. Trade Unions must be concerned not only with the hours and rewards of work, but the amenity and dignity of what is their distinctive and direct contribution to society. Similarly a Trade Union should be concerned with the process and principles of promotion, if not individual promotions, and therefore with the provision of training to improve not only the productivity of the worker, but his chances of promotion.

## **7. Distribution of the Fruits of Industry.**

Apart from the productivity and process of working, a Trade Union movement is directly

concerned with the distribution of the fruits of industry, both within the unit which employs him, and in society in general. It is the core of social change to redress contrasts of wealth and poverty, power and subjection which offend democratic principles and human dignity alike, and which build up explosive frustration and bitterness in a society. In this sphere, the Trade Unions act directly. They can be assisted by political legislation which provides for minimum wages or which protects the Trade Unions while in legitimate pursuit of their interests; or government may, by inducement or deterrents, influence the policy of industrialists in a direction in favour of the workers. Again, government may lay down the rules of negotiation, or set up machinery of negotiation such as Arbitration Courts to ensure that the Trade Unions shall exert their power reasonably and peacefully. But the essential element is the bargaining between management and Trade Unions to ensure the rise in wages represents the rise in purchasing power and standard of life, and the reduction of hours which allows the leisure in which each man can live according to his bent. This needs no elaboration, but only a reference back to the keeping of demands within the range of national interests, as understood and defined by those concerned with the legitimate interests, of the workers and peasants.

Trade Unions are concerned with the division between profits (whether for re-investment as capital, or for distribution to shareholders) and wages. The normal approach is the application of pressure on the employers to increase the wages of the workers. In this context, Trade Unions refuse to accept any managerial responsibility, believing it will reduce their militancy by dividing their loyalties. The British Trade Unions took this view even toward nationalised industries. But it is not the only, or necessarily the correct attitude. The old attitude was logical in that the Trade Union leaders deliberately did not concern themselves with the economics of the industry: that was the bosses headache! But once Trade Union research groups seek to find what wages an industry can bear, they are seeking to see the problem from the point of view of the industry as a whole, and this brings differences of opinion, not simply between employers and workers but two different points of view on the viability of the industry as a whole. In this context certain Trade Union movements have broken new ground by establishing industries under their own management. Again the Cooperative Movement provides a method by which profits

can exist without a separate profit-earning class. In general, once the workers achieve political power, the old simplicities of the class was proved too unsophisticated for Trade Union leaders to continue with advantage to be the prisoners of ideas and attitudes deriving from the bitter Western phase of that struggle. In Trade Union circles, there must be new thinking out of the new experiences and for the new circumstances of new nations.

### 8. Trade Unions, Welfare Services, Cultural and Leisure Activities.

Outside the factory, the Trade Union movement has a direct interest in the welfare services — education and family allowances for his children, health for himself and the family, insurance against unemployment, old age, or loss of earning power. These may be provided by the State out of taxation or subsidised insurance or by partial contributions by state, employer and worker, or by schemes established jointly by employer and workers. This establishment requires both pressure within industry and pressure on government, or the bringing into power of a government dependent on workers votes, and with a programme dedicated to their interests. Again this is axiomatic as of the essence of social change and the only reference which is necessary is to the need for Trade Unions to have the needs of their members rationally worked out and costed in relation to the economic situation of the country, to have the pressure of members and democratic legitimacy behind their demands, and to use the political processes open to them to supplement the economic pressure power directly in their hands.

Another aspect of social change is that cultural and leisure activities which have been the prerogative of the few and therefore reflect their way of life, must become the prerogative of the many and meet their cultural needs. In the process of the struggle in this direction, whether constitutional or violent, a sense of companionship and common endeavour develops in working class movements and seeks its expression in songs or verse or pictures or novels. But as educational opportunities are broadened and the bright working class boys and girls get their feet on the social ladder which can lead them to the top, this distinctly working class attitude reflects itself as one sector of a general cultural movement. Nevertheless, Trade Unions have an opportunity of maintaining the companionship

of their common purpose and can and should play a part in the cultural aspect of nation-building, both to give expression to the distinctive point of view of their members, and to bring to the members opportunities of cultural activity, and appreciation which have been denied to them in the past. Trade Unions though designed for, and primarily operative in the economic sphere, and seeking the basic change of the economic balance of reward, power and opportunity in a society, share nevertheless the urge of their members for liberation from past imperial, political or economic pressures which denied them the capacity, and opportunity for individual and group self-expression and self-fulfilment. They do not only represent economic man in pursuit of economic ends: but man in pursuit of human ends. This is what gives dignity to their strivings and successes. While first things must be first: they must not also be the last, lest economic success merely reveals spiritual failure.

### 9. Conclusion.

In brief summary therefore: The very existence of Trade Unions is a recognition that social change is in process, for social change is the rightful redress of the wrongful imbalance of societies in the past towards a balance which gives full recognition of the power to act, and of the capacity and opportunity for better living among the workers and peasants. A basic element is the redistribution of income by action within the economy of a country: this is the prime and direct purpose of a Trade Union. But unless their direct victories are part of an over-all change in the pattern of society, purely economic victories can never be more than temporary and partial successes. The practice of more equal partnership in matters of common interest which is the basis of any significant democracy must be practised and learned within the economic field. A Trade Union movement must therefore see itself as part of a wider movement of social transformation, in defining the nature of which it must be capable of playing a positive part. Its day-to-day policy must keep this ultimate purpose in view. Trade Unions like political parties did not come into being to ensure their own survival. They are instruments for a purpose, and must constantly assess and re-assess themselves according to their effectiveness in fulfilling that purpose — the building of a society designed for the greatest human fulfilment of the greatest number.

## trade unions and foreign capital in a developing society

The role of trade unions in economic development has only been recognised as one of importance and significance in recent years. This is partly due to the fact that responsible trade unionism itself is only a developing phenomena and that trade unions that existed in the 19th and early 20th century in the advanced countries of the West were themselves not capable of contributing to the growth of the economy. Further, in that period, labour itself was not even considered as a variable of any significance in the process of growth. With the growth of the social, political and economic framework of society, past the middle of the 20th century, it is necessary to reconsider not only the role of trade unions as one of the modern institutions of society that can contribute significantly to the effort of social and economic development but also the role of the entrepreneur and the state and to re-establish their respective roles in proper perspective.

It will be useful at this stage to recapitulate the historical growth process of some of the more advanced countries and to critically view the role played by capital, labour and the state in their development effort. This will enable us to assess the present needs and responsibilities in a better light. Most of the developed countries of the west, accomplished their take-off into self sustained economic growth, in an entirely different social and political environment. Their sense of social responsibility, their attitudes to labour and their values of justice and fairplay towards the different groups of people in their own society, let alone to peoples of different societies, were not something that we in the present context of our societies and countries would prefer to emulate. The growth of nationalism and political liberation of the peoples in the new nations has given us a different sense of values, of justice and equality among our fellow-men and in the

modern way of thinking there is hardly any place for the exploitative notions of the past. To us, economic development and progress does not mean just a change in the rate of growth of national income or a high level of savings and investment, but it signifies a whole host of changes both economic and social, that will gradually result in a better standard of living and improving the welfare of all sections of our people. In this context, the critical factors of development will no longer be so easily discernible or clearly marked out as was to some extent possible in the case of the countries which began their modernisation process in the earlier period.

The theories of development that have emerged on the basis of the historical growth patterns of the western more highly advanced countries give to capital and the entrepreneur a major role in both initiating and sustaining the rate of growth and development of their economies. This is understandable and acceptable in the context of their growth environment. The traditional philosophy of free enterprise set the direction and pace for the development process, and in the social and political set up in which their growth took place, it was found that provided adequate capital was available, the mechanism could produce a sufficiently high rate of growth. The 19th century concepts of economic growth and criteria of assessing development were quite different. The emergence of the entrepreneurial class as the leaders of economic and political activity in the state gave a different and somewhat lopsided emphasis to what development was to mean. The motivating force behind all economic activity was the maximisation of profits and the test of progress was the degree to which high accumulation of capital was made. In this context, a high rate of savings and investment, and a high level of capital accumulation were the critical

factors of growth. This is not to state that in the modern context capital is no longer a significant factor. Far from it. There is no doubt of the importance of capital accumulation as the pacesetter and key variable in economic growth. No country can hope to develop without adequate sources of capital and savings. The importance of a sufficient supply of capital is even more crucial to the newly developing nations because of the vast amounts of capital they need not only for the purposes of economic development but also for the development of human resources and social development.

Another significant factor in this respect is that many of the conditions under which the historical development of the developed countries took place are not available to us. The vast resources of rich land, the massing of surplus capital from land, and the availability of a large stock of immigrants educated and highly skilled in the techniques of production were all factors that made economic development a relatively easier process. The neglect of the welfare of the mass of the people who provided the basic labour inputs, the ease with which foreign raw materials and markets could be exploited also made the task less onerous. But development has now to take place in a different context of needs and aspirations with a greater amount of problems.

The newly developing nations have a whole host of social and economic problems that were either non-existent or were not considered as problems of development in the past. Problems of population growth, provision of adequate and fair wages, decent levels of social services and standards of living, social responsibility and care of the unemployed, the aged, the sick — are all matters that were not considered with the same degree of anxiety and urgency in the development experience of the presently highly developed countries. The fair and equitable distribution of gains, the maximisation of the welfare of the majority and similar welfare notions did not fall within the vision of development and it can be said that to a large extent economic development was looked upon in isolation with little or no consideration for the simultaneous development of a corresponding phase in social development. No developing nation in the modern world is in that callous position where it can hope to neglect social development. This is so not only because of the greater increases of social responsibilities but also because of the complexities of modern production processes which demand a higher calibre of human being sufficiently well trained and equipped to partake in the production processes.

As such the newly developing nations find that their path to economic development is much more rugged and has many critical problems all down the way. They find that they lack not only the capital but also entrepreneurship, skilled and trained labour, managerial ability, foreign exchange, and also the necessary administrative and financial institutions and many other factors that are considered prerequisites for development. Further, the new nations have to ensure a proper balance between development of sectors — agriculture and industry, infrastructure and social development. In addition they have to ensure that their rate of growth is consistent with improvements in standards of living. In such a context, it is essential to review the role of capital and to ensure that the emphasis given to it is in relation to the needs of the economy as a whole. It will also be necessary to have a look at each relevant factor and to assess its importance in the context of each individual country and its needs and to assign priority on the basis of pragmatic needs. It has been the experience of many developing countries, where considerations have only been given to the commonly known critical variables with the result that other factors have been neglected till they began to reappear as bottlenecks or constraints to further development. The case of labour is one in point. The present-day shift towards stressing the importance of human resource development has only emerged due to the fact that in many countries this has been grossly neglected in the past. Similarly with items like foreign exchange. All this clearly indicates that most of the developing economies of today have far more complicated problems of development and have to put a much more concerted effort to solve them. It is also seen that in the progress towards development the critical factors may vary from time to time and from country to country and it is neither wise nor sound policy to adopt any fixed ideas on this.

Most of the developing nations have become newly independent with a greater sense of responsibility for the welfare of the people and have to ensure that the process of development is undertaken at a rate sufficiently fast but yet consistent with the minimum of social cost. There is a greater awareness of the costs involved and a higher degree of acceptance of responsibility by the state to see this process though without seriously disrupting the balance of society. In this setting, the role of the individual whether he be a worker, an entrepreneur or a public servant is made more complex than ever before because of the interrelationship of interests and responsi-

bilities. The position of the organisations like the state, the trade unions and the employers' associations is also affected largely by this need to look after the other parties' interests so as to safeguard one's own. The present day entrepreneur can neither undertake any economic activity on the same basis of exploitation of resources including labour, nor can he ignore national needs and responsibilities in the same way as could the 19th century European entrepreneur. Similarly the trade unions and organised labour cannot inconsiderately press for increased wages and benefits for its members without considering the repercussions on the other sectors of the economy. The state too cannot promote accumulation of capital to a high degree at the expense of standards of living. In other words, there is a greater degree of responsibility thrust upon the individual for the collective benefit and welfare of all the people than was ever before the case in the course of economic development. This growth of responsibility in turn means that trade unions like other organised groups have to play a greater role in the economic development process than was necessary or possible in the historical past. Their concern is no longer of a narrow limited nature concerned with only immediate problems of wages and benefits but also of the more long-term one of sustained growth and progress and their contribution towards this end, as potentially one of the largest organised groups in the country will be vital to the nation. With the emergence of organised, responsible and effective trade unions, the role of the others like capital, both local and foreign, as well as the state have to be seen in their correct perspective and the proper share of responsibility for the smooth and gradual development of the economy be placed upon each group. At the same time the share of benefits derivable from the growth of the economy have also to be fairly and equitably distributed so as to ensure maximum welfare as well as maximum growth.

In the process of economic development capital plays an important role in determining the rate and pattern of economic growth. Economic development is aimed at gradually increasing the size of the national output by bringing about structural changes in the manner in which the output is produced. The type of output produced, the methods and techniques used in production, the efficiency of production are all matters that have to be improved and modernised. This need for development of the economy arises largely from the fact of the rapid increases in population. With the rapid growth of population countries

are faced with the situation that available resources and methods of production are not sufficient to provide adequately for the needs of the people. The essential needs are to provide for satisfactory standards of living, adequate level of social services and suitable opportunities for new employment. The changes in population and its relation to available resources are critical factors in determining the rate and character of economic growth. An increase in population without corresponding increases in resources will result in a reduction in the levels of output and standards of living. This is even more critical in the case of the developing countries where existing standards are already well below what can be considered as the barest minimum.

Land, labour and capital can be regarded as the factors of production that are available in the economy, and an optimum utilisation of these resources in the right combinations will ensure the maximum levels of output and growth. Population increases bring with it an increase in the labour force. Generally the developing countries are already working with adverse land/labour ratios and capital/labour ratios. Any further increases in the labour force without increases in the availability of land and capital will tend to depress output significantly. Since land is fixed, for most purposes, an increase in the labour force will mean that more people will have to work in the limited available land and unless there is an increase in the availability of other factors, the level of output will tend to fall with the decline in the land/labour ratio. Thus it will be necessary to increase the supply of capital substantially not only to provide for the increased population but also to make up for the decline in the land/labour ratio. The process of development becomes one of providing increasing amounts of capital per worker in the form of equipment and machinery and in this respect capital becomes a critical factor in the development process. With the desire for accelerated development and the knowledge of available capital-intensive techniques of production which have been perfected by the more advanced countries, it is but a simple step to accept the notion that provided sufficient capital was available, the progress towards modernisation can be achieved in a reasonably short period of time. In other words, in an over-simplified form, it would mean that the rate of development would depend largely on the availability of capital.

The capital requirements for development can be estimated on the basis of the rate of growth that is desired and the relevant capital/output ratio that is applicable in a given situa-

tion. The estimation is based on data of the amount of capital that needs to be invested for a given increase in output. Similarly, with the growth of the labour force, and the need to provide employment opportunities for a large number of persons, it is also possible to estimate the capital requirements in terms of the amount of capital necessary for the employment of an additional worker. Highly sophisticated models of growth have been developed for this purpose and such computation facilitates an assessment of the needs of the economy and provides the guidelines of development.

In a developing economy, capital is needed largely to initiate various structural changes in the economy and to bring about a transformation of the underdeveloped and largely agrarian economy into a modern industrial one. The investment requirements that have to be made for this progress to be successful can be analysed under three broad headings:—

- (a) development of general resources
- (b) development of basic resources
- (c) development of productive resources.

Most developing countries need to develop the general resources of administration and organisation. The low level of general education, health and housing standards makes it essential that the general levels of the peoples and the economy be raised to a high level, if maximum efficiency is to be obtained from the modernising process. Without this, it makes the process of developing specific resources or sectors much slower and more difficult. The expansion of education and health has to be fairly widespread, if the people are to take advantage of the new opportunities and to gain from it. The outlook of the people, their attitudes to the new ideas and techniques, their willingness to make the necessary effort and sacrifices have all to be cultivated by an overall system of educating them in modern ways of thinking and working. The problem that arises here is that of choosing between the provisions of these general services and the development of more specific sectors of the economy. The advanced countries in their time did not face this problem to the same extent. They were able to concentrate on the development of the productive resources without the need at the same time to cater for the general development needs. The development of this sector includes the development of human resources which is now considered one of the key sections that have to be developed if the economy is to progress towards growth and development without too much of disruption.

The development of basic resources involves the provision of transport and communication, power, water supplies, and all such undertakings commonly termed as infrastructure development. This aspect has been given prominence in the present period as it has been clearly proved that unless this sector is able to provide adequately for the requirements of the productive sectors, the pace of development will tend to slow down. In many developing countries these sectors have been only partially developed mainly by foreign capital to satisfy its own needs related to foreign investment in the primary sectors. The full exploitation of resources will only be possible on the basis of adequate infrastructure development and here again developing countries are forced to do too many things in too short a period of time. With only partial development the opening up of new areas for agriculture and industrial development requires that significant amounts of investment be made for development of this sector.

Development of the productive resources includes large amount of investments necessary for the development of the various sectors of the economy, such as agriculture, forestry, fishing, mining, manufacturing, trade and finance. This group is of considerable importance as the real increases in national income and output has to come mainly from an expansion and modernisation of these sectors. The development of these sectors have been given considerable importance in economic analysis and most people associate development and investment with the investing of capital in this sector. This is also the group of activities that have attracted private capital both domestic and foreign. However, not all the sectors in this group have been equally successful in attracting private capital. Capital has, in the past largely gone into the sectors that had scope for quicker profits in a relatively short period of time and these have been largely for export purposes and in such activities as mining industries, cash crops and plantation type agricultural industries and trade. The agricultural and other sectors catering for domestic needs have hardly been affected by this change. Thus when developing countries have to develop their economies with domestic requirements in view, they find that in this respect hardly any development has taken place. With the changes in the international sectors making the dependence on foreign earnings very unreliable, the task becomes even more difficult.

This brief analysis of the capital needs of development should highlight a few significant facts. The importance of capital is quite urgent

and the various needs that capital has to fulfil are quite substantial. Any attempt at development cannot hope to be successful unless the demands of the various sectors are provided for. Further it is obvious that the needs of capital for the development of productive resources, basic resources and general resources are equally important. In the past, greater emphasis has been placed on the development of the productive sectors especially mining and manufacturing so much so that there is a general tendency to associate economic development very closely with industrialisation. This is partly due to the fact that most advanced nations are highly industrialised and also because private investment especially foreign is largely in these sectors and the association of prosperity and growth has been with these sectors. Now there is a greater realisation that other sectors are equally important and the need for adequate development of the infrastructure and human resources has been fully recognised. It has been found from the experience of many countries that for a sustained growth of the economy, it is essential for a balance between development and allocation of resources for the various sectors and that overall development cannot be successful without a proper balance between the general, basic and the productive sectors.

The scope of the effort needed for a proper development is such that national governments have had to take on the added responsibility of ensuring a satisfactory rate of growth and providing a sufficient level of social services to the people. Thus the problem is one of not only finding sufficient capital for development but also allocating them judiciously between economic and social development in a balanced way that ensures maximum efficiency and growth of the economy. For a proper development it is not only necessary to allocate resources to investment at the expense of consumption but it is also necessary that development in agriculture, industry and social overheads interact to produce a rise in total output and at the same time yield a high rate of savings for further investment process. The underdeveloped countries are also handicapped because they have to make substantial investment in a relatively short period of time before they can reap the benefits of their development efforts. In most advanced countries there has been a significant time lag between their investments in the productive sector and the development of human resources and social services. In many instances social services grew as a matter of social responsibility and undertaking and was not a critical one for their

economic development. In other words, development of educational and health services did not take place because of the need to provide an efficient and trained labour force for the industries and services but was undertaken at a time and pace which they could well afford. We are in a different situation where development of the productive sector can be significantly affected by the non-availability of the right type of manpower in adequate numbers.

The developing nations with their various demands for capital will have to make all attempts to mobilise capital and to channel it into investment of the right type so as to ensure a satisfactory rate of growth. Capital accumulation is only possible with a higher rate of output and savings. Savings in this sense will be the surplus of income over consumption. The source of savings will therefore have to be an increase in output without any corresponding increases in consumption. In most underdeveloped countries, the level of incomes is too low to make any further sacrifices by depressing consumption levels thereby increasing savings. Thus what will be necessary is to make all efforts to increase productivity and output and to channel as much of the additional increases into investment and to keep consumption increases to the barest minimum. From the analysis of income distribution it has been observed that the savings potential of the higher income groups is substantially greater than that of the lower income groups. This is necessarily so because at the lower levels of income, the proportion of income that is used for consumption purposes is much greater than at higher income levels. In other words, the propensity to consume is high while the propensity to save is low. This phenomena is of some importance because the levels of income can to a large extent be correlated with the earnings of groups of persons. Generally the wage income earners form the bulk of the lower income levels, while the entrepreneurs and others are largely of the higher income groups. Thus while wages are largely consumed, interest profits and dividends go into savings and help in greater accumulation of capital. From this it is obvious that purely from the economic point of view, a higher rate of capital accumulation and economic growth is possible with a greater degree of inequality incomes. Thus the dilemma of development that to make for greater equality of income and distribution it may be necessary to advocate for greater inequality in the short-run. Of course, this is not valid in all circumstances and there are many instances where this would not hold true, but the basic principle is

largely valid. The implications of this in terms of shares of wages and profits in the distribution of national income and levels of consumption are matters for further discussion.

The other aspect of savings and capital accumulation is related to the question of whether private investment or public investment should form the major source of capital. The analysis has already shown that most of the needs for investment for general and basic resource development can and will only be undertaken by the public or state sector. This is partly because the responsibilities of the state in this respect are greater and partly because the returns on such investment are more indirect and less obvious. As such private investment will not be attracted by these types of investment. The capacity of the public sector will depend on its taxation policies, its surplus from public undertakings and from its credit standing both internally and internationally. With the right type of fiscal and monetary policies, the state can to a great extent achieve the task of appropriating the surplus arising from increased productivity and channelling it to investment. However, with the limited scope for such activity and the amounts that may be available from these sources and the numerous problems involved in efficiently implementing these, it is not possible to rely on this alone to provide the necessary capital for development.

Given the limitations of public sector investment it is obvious that private investment will also have to be mobilised and encouraged to contribute its share to the development of the country. Private investment has been the main source of capital for development in most free enterprise economies and will continue to be the main source in many a developing nation. Private investment is largely motivated by the profit motive and this influences the type of industries that can be developed by the private sector. It also means that in the context of a shortage of capital, it is necessary to ensure that private investment is regulated and guided to move into such industries that have a potential of long term growth and to stimulate growth in the economy as a whole. There will also be a need to ensure that the benefits accruable are used for further development and not spent off in conspicuous consumption. The state will have to play a greater role in these matters of mobilising and utilisation of capital so that the maximum effort is made on a joint basis for the benefit of all sections of the population. The state will have to ensure that productive sources are mobilised and fully utilised to increase the

output significantly. It has to ensure that of the increases in output a significant amount is put aside for capital accumulation. This will mean keeping the increases in consumption standards to the barest minimum and channelling all surpluses to further increasing investment. The state also bears responsibility for the provision of a satisfactory level of social services to its people.

The role of labour or trade unions in this respect is one of striking a balance between conflicting interests. On the one hand, with low standards of living, low wages and bad housing and living conditions, the task of the unions would be to do their utmost to raise wages and standards of living and improve conditions of work of the members. In other words to appropriate the maximum possible share of the increases in output for wages and consequently for consumption. In the past, in developing nations, this was considered fully justified as mostly capital was foreign and under foreign rule, there was not national interest or aspiration in conflict with such aims. But now, with greater responsibility not only for the workers but also for the future of the country and with greater awareness of the needs of development, the trade unions are obliged to restrain their demands in order to assist in the long-term development effort of the nation. The degree to which one or the other purpose is pursued will depend not only on the willingness and desire of its own members but also largely on the extent to which the other groups, the entrepreneurs, the state and others are making equally important sacrifices for the development of the nation. Given a unity of purpose brought about by national needs and aspirations it will be possible for all the sections of people to sink their differences in needs and demands and to make a supreme effort towards the future development and well-being of the people. The necessary effort to keep down immediate demands for increases in consumption levels and to increase the resources of the state and to use it efficiently can only be made with the full co-operation of labour, capital and the state.

The development of the economy also demands that trade unions play a more significant role in the process of increasing productivity and in building up the strength and calibre of the labour force. One of the obstacles to development has been the low level of productivity of labour in the underdeveloped countries brought about by low levels of education and skill and lack of equipment and resources. This can be overcome to a large extent with more emphasis



being placed on matters of education and training, in other words, by paying greater attention to human resources development. This has the advantage of raising the levels of productivity while at the same time diverting resources into what may be called productive consumption. Thus the unions can to some extent contribute more positively to economic development and in the long run increasing the welfare of its members, by shifting their targets somewhat from demands for purely consumption increases to attempts at raising the ability and capacity of the workers. This will help them to better themselves while at the same time increasing the productive capacity of the economy.

The discussion has so far been on the role of capital, labour and the state in the development of the economy of the nation. The underlying assumption has been that they all have a stake in the future course of development of the nation and would be willing to make the necessary sacrifices for the purpose of developing the economy. The problem becomes significantly different, if we look at the position on the basis that in the development of the economy, it will also be necessary to resort to foreign sources of capital. The need to have foreign investment arises for two reasons. Firstly, when a country embarks on an additional programme of investment, it would require certain additional imports of raw materials, machinery and even food items even if imports of other consumption goods are kept down to the minimum. Secondly, the needs of development are so vast that hardly any developing nation can hope to generate enough capital within its own national boundaries, however great a sacrifice it is prepared to make in depressing standards of living. In many cases the standards are already too low for any significant increases in savings to arise purely from depressing consumption levels. There is no doubt that with greater efforts, the level of domestic savings and capital can be increased. But the rate at which domestic capital can grow would be insufficient to make any significant impact on the growth and development of the nation.

The acceptance of the fact that foreign investment is necessary to supplement local capital is not to state that availability of foreign investment is itself a sufficient condition for ensuring a satisfactory level of development. Development demands considerable movements of resources and factors of production including labour between sectors of the economy, the development of new forms and new attitudes towards productive activities and all these have to be

available before foreign investment can be of help in economic development. The benefits of capital investment are not so much the direct benefits of increasing output of the industries in which it takes place but its effects in stimulating change in the rest of the economy. In other words, the real benefits are the cumulative additions to income, employment, capital and technical knowledge and the growth of external economics and the spread of modernisation and it is these that can set off the development process on a path of growth. In this respect foreign investment in the past has failed to really trigger off the expected cumulative effects. This is because foreign investment has concentrated on the development of sources of food and other raw materials and mineral resources which were largely linked to the needs of the metropolitan countries and the cumulative effects had all been of benefit to themselves. Available data on the present position of foreign investment in the underdeveloped countries clearly indicate that a large portion of foreign investment is still linked to this form of investment. The vital question that arises here is can foreign investment really supplement the needs of local capital in the development. If so to what extent and under what conditions?

Foreign investment has to come largely from the developed countries and may be both better equipped to exploit many industries which are economically viable at the expense of the domestic investor and might be offering unfair competition to the local investors thereby stifling any entrepreneurship that might be available within the country and might even result in discouraging local capital from moving into such profitable enterprises. Usually, it is the large foreign companies which have already captured a large share of their own local markets that would venture overseas and it is not likely that in new emerging countries entrepreneurs can offer them serious competition.

Foreign investment has not the common aims of developing the economy but is generally more concerned with the main motive of making good and profitable investment. Of course there is nothing wrong with that but in such a situation it would be difficult to urge the domestic sector to make the necessary sacrifices in terms of efforts and returns without any assurance that foreign capital will also be willing or be made to contribute more positively in this respect. One interesting feature to note here is that the accumulated profits ploughed back into the developing country is one of the major sources of capital for foreign private investment and it is a matter

of opinion as to whether all this reinvested capital, earned within the country should still be termed or regarded as foreign capital. Thus the conflict of interests between labour and capital is made more complex by the need to rely on foreign investment. It would call for greater understanding and co-operation between both groups and the realisation by both that the situation is not one where each tries to get the maximum out of the gains but where each has to contribute to make the gains larger for the future benefit of the nation. In this respect there seems to be a need for some understanding among developing nations in their haste for development not to undercut each other by making far too many sacrifices and concessions to foreign capital and to reassess the whole position. It will also be necessary for foreign investors in developing countries to realise that the countries can ill afford these concessions and that they should not treat such investments strictly as economic ventures but should also give due consideration to their development nature and that they too should be willing to make a more positive contribution towards the development of these nations. In other words, foreign investment should come in partnership with the rest of the other domestic groups in the development efforts and should not remain immune to the overall development needs and aspirations of the developing nations.

It must also be observed that the needs of development are not only for investment in the productive resources but also for the basic and general resources development. Foreign investment has generally resources development. Foreign investment has generally been reluctant to go into these fields. As such to obtain the most out of the investment there is a need to plan an investment programme as a whole and to see that the investments from the private, public and foreign sources are well planned and clearly regulated so as to ensure a balanced development. It will also be important to see that not only are investment programmes well planned and initiated but that they are also efficiently implemented. In our context, it may be necessary to go even one step further and to ensure that the savings and capital accumulation aspects as well as the distribution of the benefits are largely influenced by the needs of the community and the country as a whole and not left entirely to the invisible control of the free enterprise system.

The above analysis clearly indicates the need for the proper planning and implementation of a development programme. In this effort all

sectors of the economy, capital both foreign and local, labour and the state will have to take an active part not only in the planning and implementing process but also in the decision making and in the sharing of responsibilities. Only with such a co-operative and collective effort can there be a hope of success in this task which we in this century in the developing parts of the world face. The demands of development are far too great to be left to the automatic mechanism of the system or to one group of persons to undertake with the rest standing by without fully partaking in it. The urgency of the needs further compels all concerned to act in a concerted effort so as to ensure a happier future for the coming generations. In this respect the Singapore experience of getting together the various parties concerned to jointly contribute towards development might be worth mentioning.

In Singapore with its growing population, and with its major activity of entrepot trade reaching a stage where growth potentialities are limited, it was realised that industrialisation was the only means of attaining the goal of economic development. In this process the government had taken the initiative in planning for the needs of industrialisation with the Economic Development Board as its chief agency for this purpose. It was also realised that the chances of success depended among other things on the co-operative efforts and cordial relations of labour and managements. The Government took the initiative to get the two parties together and after a series of discussions and negotiations, the Charter for Industrial Progress and Productivity was agreed to and signed by the NTUC, the Singapore Manufacturers' Association and the Singapore Employers' Federation and Government, the main aim of which is to ensure a common effort to strive for increases in productivity and output. The state has also set up a State Economic Consultative Council whereby Trade Unions, Government and the business interests can get together and discuss common problems of economics and progress. Such measures are very valuable and would ensure that as far as possible, conflicts of interests are minimised and joint efforts are made for a satisfactory progress along the paths of development.

This paper has attempted to focus attention on the general problems of development and to indicate the crucial points in the development process which are of particular relevance to this seminar. The discussion has by no means been exhaustive and the seminar should now consider specific aspects of this subject that are of in-

terest. In this respect the following points might warrant further considerations:

- (i) To what extent are high rates of growth and accelerated development compatible with the need to improve standards of living.
- (ii) What should be the accepted roles of capital, domestic and foreign, and their responsibilities in a developing society.
- (iii) To what extent should capital and particularly foreign capital be encouraged and given special concessions.
- (iv) What is the role of organised labour and in what additional ways can it contribute to this process.
- (v) How do the problems of a developing society affect the character and nature of Trade Unions.
- (vi) To what extent can organised labour guide their members in this respect and what are its limitations.
- (vii) Should the state play a more important role not only in organising the produc-

tive resources but also in the distributive aspects of the development process.

- (viii) In what way can the social, political and economic objectives of developing nations be reassessed so as to have aims that are consistent and practical.
- (ix) What is the role of organised groups in politics, economics and society in this respect and to what degree can they co-operate towards the common goal.
- (x) In what ways are the experiences of the more developed countries of any specific use as guidelines for our development and to what extent have we to adopt new approaches and new ways of thinking.
- (xi) How far can developing countries of this era co-operate towards their common goals and what should be the place of developed nations in this effort with particular reference to the problems of labour and capital.

## disputes, conflicts and their settlement

In Africa and Asia today, economic-labour issues are fundamental to all political ideologies. Political leaders, be they right or left, have used and continue to use labour issues in their political platforms. Furthermore, the solution of the economic problems of labour has become the avowed aim of all their programmes, and labour welfare measures the platform of most Afro-Asian pressure groups, regardless of political affiliations. It is against such a back-ground that workers organisations operate in Asia and Africa, and when their individual size, structure and power are examined, it will be seen that there are considerable differences as between the different countries. Since conflicts and disputes, as commonly understood, are inherent in all human societies, these conflicts are complicated by these differences and assume a multitude of forms and appearances, depending on where they occur. Nevertheless, just as co-operation is a necessary ingredient for progress, conflict in one way or another still provides the stimulus for the growth and development of strong workers organisations in Afro-Asia.

Examining the difference between unions in Africa and Asia, one would be struck by the fact that unions in the former French territories generally follow a similar pattern to those in France, i.e. they are organised upon an industrial basis and they have an allegiance to political or religious organisations; of course with important departures from this pattern. In Mali, for example, there is now a single union; elsewhere the process of unification is underway. Unions in the former British territories have been just as greatly influenced by ideas imported from Britain. Other influences, however, have also been at work and the pattern of union organisation, which differs considerably between Ghana, Nigeria, Zambia, Sierra Leone and Tan-

zania, is much less uniform than in the former French territories. In Ghana and Tanzania, the trade unions are organised in strong central federations, whereas in Nigeria we see both a mixture of large well-organised unions, side by side with some company-unions. As there exist this variety of unions, both in form and structure, so will there be differences in the multitude of disputes and conflicts that occur within them.

Externally, conflicts between workers organisations and employers will also differ, bearing in mind the environment in which they occur and the prevailing industrial relations climate. For instance, in French-speaking Africa, some important features of the French system of industrial relations have been kept. As in France, there is a legally binding minimum subsistence standards (minimum vital), was formerly determined under the Labour Code for Overseas Territories by the governor of each territory, who was advised on his decisions by an advisory board on which employers and workers were represented with a labour inspector as chairman. Minimum wages were by no means always fixed by an order of the governor of the territory. They were often determined by a collective agreement which was made legally binding on an industry of service throughout the territory. As for the collective agreements themselves, they were negotiated through tripartite commissions (unlike in France). Since the achievement of independence, our information is that, in most former French territories, the bulk of the wage-earning population is covered by collective agreements negotiated for an industry or sector of the economy.

On the other hand, the pattern of industrial relations in the former British territories is much more varied. In all cases collective bargaining covers a major proportion of employed wage-

earners. However, unlike in the French territories, the most common form of agreement is that negotiated between a single employer and a trade union. There are, of course, considerable differences in the size of the units covered by such agreements — they vary from a small firm with a handful of employees to the large enterprise and government departments employing sometimes thousands of workers. In some cases there are agreements which cover whole sections of industry; for example, such industry-wide agreements exist in the copper-mining industry of Zambia. From our local example here in Singapore, the oil workers though united in a single union have to negotiate with individual oil companies for separate agreements.

Before going into a critical examination of the nature of conflict and dispute that occur in our midst, it will be necessary, therefore, that we take cognisance of some of the following factors for purposes of analysis: Firstly, the situation in Africa and Asia calls for recognition that, despite our common bonds, kinship and fraternity, each and every country is unique in its national culture, its historical background, its political institutions and its stage of economic and social development. Secondly, as industrialisation has reached each of our countries at different stages — for example industrialisation took place in Japan much earlier than in Singapore — the prevailing stage of industrialisation will in no small measure affect the larger problem of giving correct interpretations to areas of industrial conflict in our respective countries. Thirdly, transient economic fluctuations of one form or another has affected countries in Afro-Asia at various stages of their growth, thus influencing the climate of industrial conflict in the respective countries. Wars, post-war inflation, depression, economic recovery and such like occurrences have most certainly influenced both the economy of the country and the attitude of workers, thus contributing immensely to the nature and type of conflicts arising among workers in a given society. Finally, some Afro-Asian countries still possess and operate industrial relations institutions developed by their former colonial masters from their direct experiences of the societies of the west, like France, England or Holland and so forth. It would not be untrue to add in this connection that some Asian and African Governments even presume that we are going through the same processes of industrial relations development as the European countries, without reminding themselves that there is no guarantee for such development to take place at the same place and

on a similar basis. From these factors, it should be obvious that there can be no single pattern of industrial conflict and disputes in the countries of Africa and Asia, but varying patterns which are forever changing, radically as well as rapidly. It is in this context and in the light of our own local experience that we propose to discuss the topic of this paper.

## II. INTERNAL CONFLICT WITHIN WORKERS' ORGANISATIONS.

In trade union circles one often finds a widespread assumption of unity within each organisation, and between individual organisations and the centre, such that we often think of conflicts and disputes only in terms of differences with our opponents. Obviously, this belief is largely a result of the voluntary nature of trade union membership and the fact that a worker exercises his choice in joining a union of his own free will. Nevertheless, we who have served the movement recognise that factionalism and differences of interests are rooted in the nature of men and as such are bound to be reflected in the trade unions. It is also common knowledge to us that often deep-rooted conflicts can arise from within an organisation, even when ultimate loyalties to the organisation are not in question. It would be true to say that, if there is any crucial test which trade unions constantly face in Africa and Asia for their survival, it is the manner in which they deal with these forms of internal conflict and disagreement.

The actual lines of conflict within unions may vary from one to another. There can be differences of interests between groups of workers in different grades, between groups of workers of different age-groups, between groups of workers in different work sites or factories, as well as different areas of working and so forth. In the context of developing societies, such differences of interest may also arise, and we have no doubt they do in Africa, between the employed and the unemployed. Not to be minimised, is the perennial difference of interests that often occur between the leaders of a union and a disgruntled section of the membership. So, wherever or whatever differences of interest arise within the union, they form a potential for conflict which if unresolved could ultimately threaten the unity and solidarity of workers organisations.

From our local experience, we would say that there are different ways in which these differences can be tackled. Among them we refer in particular to the following three ways:—

- (a) developing devices to secure as homogeneous a membership as possible and help widen the pro-union base;
- (b) by suppression of dissent; and
- (c) by the institutionalisation of conflict.

The first of these are by far the most characteristic of our trade union movement. The primary device used in this respect is to nurture the selective effect exercised by every worker when he or she chooses to join a trade union through fulfilling the method of membership qualifications laid down in the union's constitution. Although it may be argued that in many instances there is a large element of fiction in this aspect of voluntary association, this very fiction is highly useful in achieving unity within a trade union. But this selective effect of joining particular unions is far from being the only device which operates in some degree in our trade union situation. The policies, both on public and internal issues, followed in the substantial affairs of a union also exert a continuing selective effect on the membership. When their interests, beliefs or tastes are grossly offended by the policies of the organisation, members similarly tend to exercise their choice and remove themselves by way of resigning from the unions, by showing a lapse of interest, or by mere inaction. Thus, if there are adequate safeguards against this happening, the tendency for homogeneity among members will be fostered, leading to the constant reduction of internal factional conflicts.

The second method, which is the most forthright, is at times the most appealing to trade union leaders who are convinced of their own judgement or who are ruthlessly committed to enhancing their own powers, particularly when they are in a position to exercise drastic methods. This is an example of the outright suppression of dissent and may range from arbitrary exercise of the common powers of the executive to censure members who speak ill of their officers or who behave in a manner unbecoming of a union member, to the expulsion of particular members through a vote of the executive committee or a general meeting of members.

The third method, i.e. the institutionalisation of conflict, is centred around the use of devices which are usually regarded as democratic procedures which have in common the recognition of the existence of conflict and the need for democratic processes to deal with them. They include the use, for purposes of dealing with internal conflicts, of such techniques as resorting to provisions in the constitution to call for extra-

ordinary general meetings to reaffirm confidence in the existing leadership, the holding of regular elections, referendums and the separation of powers. In so far as these procedures deal with conflicts within a union, it could be considered that they serve as a means of channelling conflict within prescribed limits. It would be true to say that a union's ability to institutionalise internal conflicts and differences through such democratic — and normally orderly — procedures could well serve as one of the crucial tests of its character.

Despite the existence of these methods of dealing with conflict, it is true to say that no organisation can hope to solve its practical problems of internal conflict by relying on just one or other of the methods outlined. Even the most dictatorial organisation may find it convenient to ensure a homogeneity of membership by the simple ejection of dissentient members in accordance with its constitution. It is also well-known that most trade unions have drawn their lines of membership rights and privilege in their constitution, with an eye for homogeneity, such that they would be able to secure some minimum basis of consent among all their members, at least on fundamentals. Thus, in practice, we cannot expect to find any workers' organisation devoted entirely to any one of the solutions we have outlined for the settlement of their internal conflicts.

On the other hand, workers are equally aware that however well drawn-up trade union constitutions may be, they do not adequately provide safeguards against the oligarchic tendencies of modern organisations to overtake the democratic intentions of existing leadership. Although the constitutions may be designed to secure regular and honest elections, freedom of speech, and non-discrimination against union members for reasons of race, sex, creed or citizenship, there is the perennial fear that they do not in themselves provide protection against oligarchy, unless silent adherents are matched by an articulate constitutional rank and file willing and constantly striving to make the constitution work. This would only be possible if we went one step further, beyond channelling conflicts, and seriously developed some form of party or competitive system in respect of the union leadership — a system dependent upon the free choice of rank and file members. One may ask, at this stage, how such a competitive system could be developed when we had stressed earlier that the aim of all workers organisations was to work towards securing a homogenous membership. One may also ask on what basis this competitive

system could be developed, when the indications were that the narrowing of areas of conflict might leave little room for such development.

Just as men differ, situations in workers organisations also differ and similarly the interests of different groups of members. During the long interludes, say between one general meeting and another, when the question of internal conflict does not involve ultimate loyalties to the union, the interim differences within the membership of most unions are not only numerous and real but also imminent. It is around such periods that one sees the interplay of divergent factional interests among the members, which in turn develops groups that ultimately transform into contenders for union leadership at the next general meeting. This struggle which constantly develops between such groups can simply be termed the struggle between the "INS" and "OUTS" — that is, those who are in power and those who are out of power. In the hope of catching the support of rank and file members the "OUTS" raise numerous issues, often concrete and sometimes more important than those raised by the leadership. The pattern is usually one where the "INS" almost always run on the record of their achievements, while the "OUTS" usually make various charges demanding economy and efficiency in the running of the union, seeking greater organisational activity and even more militant leadership. In fact this struggle between the "INS" and the "OUTS" inevitably develops into a form of two-party system of government and opposition — one running the union while the other remains critical of all that is done. Often, the "out"-group correctly points out abuses and inertia, and seeks necessary reforms. Experience may confirm that just as there were typical "in"-issues, there were also typical "out"-issues in our respective countries. In the final analysis this two-party struggle represents no more than the democratic requirement that there should be a continuous review by the rank and file of the achievements of the "IN" group, before they decide whether a transfer or change of leadership is warranted at the next annual general meeting or delegates conference. By these processes, the institutionalisation of conflict takes place, based on the issue of leadership, while at the same time fulfilling one of the prime conditions of internal union democracy.

However, a feature which may or may not occur in the context of all Afro-Asian trade union situations is the problem created by "anti-national" elements who are pawns of external forces. Pretending to take on this "OUT" role

within democratic trade union organisations, their only intention in participating in the struggle for leadership within the union has proved to be solely for the purpose of subverting workers organisations for political "anti-national" objectives. When not in power, such "OUT" groups resort to highly imaginative and emotional appeals to chauvinism and other weaknesses of rank and file members and constantly keep endeavouring to break up the unity and solidarity of the particular workers organisation. Our local experience has shown that such groups have often discarded democratic processes and resorted to strong-arm, high-handed methods aimed at wresting power by force. Once settled in power in the union and placed in a position of consistency, vis-a-vis their earlier allegations against the previous leadership, this "OUT" group of political "anti-national" elements entrench themselves further in the organisation through sheer manipulation of democratic processes supplemented by strong-arm and often questionable techniques. It is our hope that participants in the seminar will seriously deliberate on this feature of internal conflict within unions in Afro-Asia and offer suggestions as to how best to deal with such situations.

### III External Conflicts and their Settlement

More apparent and commonplace are conflicts and disputes which occur externally; we mean with the employers. Trades disputes and conflicts of one form or another arise in our relations with employers. Take, for instance, the case of a worker who is retrenched. As the consequence of such a development will seriously affect him and his family, a difference of interest will inevitably arise leaving him no choice but to seek a solution. A dispute may well arise leading often to industrial conflict of some magnitude. Hence the idea of complete harmony between labour and management is only a dream which has no likelihood of becoming a reality. Some countries, including some of those in this region, have expressed the belief that industrial conflict should be suppressed and eliminated at all cost and towards this end have legislated the banning of strikes. We, who have been long associated with workers organisations, know that such penalties never eliminate conflict itself. All that happens is that the symptoms of conflict are temporarily removed without settling the conflict itself.

Although conflict is inherent in the relationship between workers organisations and employers the world over, and fundamentally take

such forms as disputes of interests and disputes of rights, it is true that their details in one country or another bear no comparison at all.

From an international point of view there will be no purpose comparing a grievance in one country with what might be called something else in another land. Nevertheless, some distinction between different types of disputes in different countries should be useful for our purpose. From a comparative point of view we could distinguish various groups of countries which come under different systems, with the result that different patterns of disputes occur. Earlier, we referred to a system of industrial relations represented by France and followed by many African countries. In other countries, other distinctions are made. In the Scandinavian countries, for instance, one distinguishes between disputes over rights and disputes over interests. If a union and an employers' organisation cannot agree on what should go into a collective agreement, the dispute is called a dispute over interest or an economic dispute. In such a case the issue is something one can bargain and negotiate about, something which cannot be determined by objective criteria, but which can only be settled by way of a compromise between the parties. Where the parties are unable to agree on the interpretation or implementation of a collective agreement they have concluded, it is no longer a dispute over interest — a dispute which can be solved by the exercise of economic strength — but becomes a dispute over rights, which can only be settled in a labour court. Under this concept it is impossible in Scandinavian countries, Austria, the Federal Republic of Germany and Switzerland, to go on strike in a dispute over the interpretation or the application of a collective agreement.

In the United Kingdom and in the countries which have been influenced by British thinking and traditions, particularly in Asia and Africa, no legally established clear distinction is made between various kinds of disputes, although there is now a growing awareness of the usefulness of such distinctions.

Apart from those discussed there are still other kinds of disputes, disputes over recognition of trade unions, disputes arising from unfair labour practices, disputes of a political character, and so forth. What is important is the fact that these distinctions are not made just for the sake of academic theory but that they have an immense practical value because different settlement procedures are applicable to different types of disputes.

Nevertheless, it would be unrealistic if we

spoke about industrial disputes and conflicts and did not mention strikes. Many people define strikes in different ways. But in this gathering of experienced unionists, it is hardly necessary that we define the term. We all know what it means. Strikes can take one of several forms. But one jumps to mind immediately — the strike which is a part of collective bargaining. If we believe in collective bargaining, if we believe in the freedom of trade unions and employers to negotiate amongst themselves, we must accept the possibility that, as an integral part of this bargaining, the parties will legitimately attempt to exert pressure on each other. If that be so we must recognise the right to strike as an essential part of the process of collective bargaining. Of course there may be qualifications and limitations to this right to strike. There may be rules prohibiting strikes during the life of a collective agreement, or while the conciliation process is going on, or during a certain cooling-off period. But these systems nonetheless recognise that workers organisations have the right to strike, as otherwise the whole system of free bargaining would be valueless. Having the right to strike does not always mean using it. Very often, or even in the majority of cases, the facts prove that the existence of the mere possibility of a strike is the thing which often brings employers to an agreement, not the strike itself.

A second form which in many countries is even more important than the collective bargaining strike is the type of strikes which are declared as a means of registering protest or a demonstration against measures taken by the employers. If, for instance, a trade union official is dismissed and the workers go on strike, their aim is not the conclusion of a collective agreement, but to protest against the measure of dismissal and to get the official reinstated. If an employer refuses to negotiate with a trade union, there may be a strike of the workers to force upon the employer recognition of the union as a bargaining partner. Here again, the aim of the strike is not a collective agreement over wages, but a means of demonstration or protest. In such cases the nature of the dispute does not lend itself to a compromise, but rather requires a decision as to what is right and what is wrong.

Speaking about procedures for the settlement of labour disputes, it would be profitable if we limited ourselves as far as our present discussion is concerned, to the kind of disputes which many people think of in the first place when using the term "labour disputes"; the collective dispute of an economic character (i.e. the dispute arising between a union or a group of workers and an



employer or an employers' organisation, over the terms to be included in a collective agreement). These are undoubtedly the most important type of disputes and those which create the most serious problems. A study of their settlement procedures will show that the system of every country is different and one finds it somewhat difficult to establish a system of classification of these various national patterns of forms of settlement. One could, for instance, distinguish between voluntary and compulsory methods, but for reasons of international comparison, it might be better to make a distinction between two different techniques: the technique of conciliation and the technique of arbitration. "Conciliation" is used here in a broad sense so as to cover "mediation" as well, while "arbitration" is used to cover also "adjudication" (as used for instance in India). It should be said, however, that in many countries there is a combination of "conciliation" and "arbitration" and both terms are used as having a very similar meaning. But in reality they are basically different and reflect different concepts. If some employers had clearer ideas about what "conciliation" really means, one might achieve greater success in the settlement of disputes.

To our mind "conciliation" means an effort by a third person or party to induce two parties to agree amongst themselves. The aim of conciliation is agreement between the parties. This is important because, if one really believes in this method of conciliation, one must also agree that the conciliator acts as a man who must primarily assist the parties in their own collective bargaining; in other words, conciliation is collective bargaining with assistance. The key word of the conciliation process is "compromise" as a result of give and take on both sides.

The big question is what the role of the conciliator should be in the case where the parties are not immediately ready to agree. What kind of suggestion should he make? Here there are two main and divergent approaches. In one group of countries, like the Scandinavian countries which have a completely voluntary system of collective bargaining, the conciliator's main task is to get the parties to agree. If they cannot reach an understanding it is not the conciliator's responsibility; but if they agree, he is not concerned with the contents of their agreement. But in the case of other countries in which the Government intervenes in industrial matters, the conciliator's attitude could well be different. He perhaps would not give his blessing to agreements made by the parties if it was not in line with the economic policy of the govern-

ment concerned. Therefore, while it sounds almost commonplace to say that a conciliator should try to get parties to agree, the question of how he should behave in a particular instance immediately throws up all the problems inherent in conciliation, and the main problem becomes the problem of State intervention in industrial disputes.

The process of conciliation is closely related to collective bargaining in as much as both procedures stem from the same philosophy, according to which employers and unions should fix wages and conditions of work amongst themselves. One can, of course, exert some pressure on the parties to come to an agreement, for instance by what is called "compulsory conciliation". This means that legislation may provide that the parties must attend the conciliation meetings convened by the conciliator, but in spite of such obligations the principle of conciliation as a means by which parties are assisted in agreeing amongst themselves may still be maintained.

Arbitration is a completely different process because in arbitration (or adjudication) the main aim is not agreement between the parties. A third party, the arbitrator or a court, intervenes and decides for the parties. Of course there are voluntary and compulsory arbitration schemes. In some schemes the parties do not have to accept the award, while in another system they have to accept it. But the main idea is that the arbitrator usually does not try to get the parties to agree (for if the arbitrator does this, he is actually acting as a conciliator), but imposes on them a decision, based on some objective criteria.

You all know from your own experience that voluntary arbitration in economic conflicts is not very frequent around the world. What is more frequent is compulsory arbitration; in other words, a system under which either both parties or one party or the government can request the intervention of an arbitrator or arbitration court which may render a binding decision. Here we must ask ourselves whether the existence of such a system of compulsory arbitration is really, as some people say it is, a means to promote and encourage collective bargaining. There are two points of view here. While it is maintained in some quarters that the government has to intervene with compulsory measures because otherwise the workers are unprotected, there are other people who believe that so long as there is government intervention workers will never learn to develop collective bargaining based on their own initiative. If one takes a realistic

attitude one must admit that it is of no use discussing the question of compulsory arbitration completely separate from the general industrial set-up of the country concerned. Whether or not the government should or should not intervene in the fixing of wages, hours, conditions of work, etc., is a political decision which every country must take for itself. It is impossible to say, as a general principle, whether a free collective bargaining system is better than a system governed by legislation. There may be reasons for both and the choice between the two depends on many circumstances which are best discussed by the seminar. Some people are inclined to think that the degree of government intervention has to do with the degree of industrialisation. But this view does not seem to be correct and is not confirmed by the facts. It cannot be stated categorically that in less developed countries there is more need of government intervention and compulsory measures than in the highly industrialised countries. Not only in the developing countries, but even in several highly industrialised countries in Europe, there is at present discussion as to whether or not one should have a compulsory or voluntary system of collective bargaining, and whether the dangers of inflation are not so great as to require some restraints on the hitherto free bargaining system.

#### IV. STATE INTERVENTION IN INDUSTRIAL RELATIONS — THE SINGAPORE EXPERIENCE.

Far from strikes, lock-outs and other traditional forms of direct action bringing about total satisfaction to the workers in Singapore there often arose, mainly due to the efforts of political "anti-national" elements, serious consequential sufferings and hardships amongst workers involved and their families. Economic losses also occurred to the State on a scale which no progressive society, aiming at a happier life and higher economic standard, could afford. It was under these circumstances that State intervention in industrial conflict developed in Singapore in 1960, with the general concurrence of workers organisations. Fortunately for us, a pro-labour Government, with close ties with workers and their organisations, was agreeable to make this machinery for intervention in industrial conflict sufficiently flexible, combining the best of two systems, i.e. free collective bargaining and compulsory arbitration.

Such developments are, I believe, in keeping with the trends in many developing countries in recent years, where the State has assumed an important role in the sphere of industrial rela-

tions proper and in related fields of concern to labour and managements alike. This has raised several questions pertaining to the propriety and desirability of State action in this field, which in the advanced countries of the West, has traditionally remained outside the purview of State regulation. A question which the commissions could well consider is "What are the implications of this, and to what extent is it inevitable in promoting economic and local development in Afro-Asia? Are the old factors of collective bargaining becoming an anachronism in countries seeking to carry out extensive development schemes, in order to raise productive capacity and living standards? Or should employers and workers become increasingly free, within a framework of legal and administrative action, to work out their own problems and to determine how their relations with one another shall be governed?" In each country the answers may differ in detail and may vary from one year to the next.

For the benefit of participants from abroad we shall explain in some detail the system of arbitration as has been practised in Singapore for the last five years. We do not say that this system is the ideal or that we are totally satisfied with it. In fact, if anyone saw a copy of the 1964 report to the N.T.U.C. Convention, one would have noticed the extent to which we were unhappy with particular features of the system. Nevertheless, it is not denied that as it stands today, the system has undoubtedly helped in the settlement of disputes and conflict without much acrimony.

When State intervention took place in Singapore in 1960, unemployment was on the increase. Singapore then needed to preserve her entrepot trade, and to achieve industrial expansion. Both required internal stability and the maintenance of law and order. Among other aspects of the problem, industrial peace loomed large as an essential requirement. Collective bargaining was still favoured as the best method for achieving the end in view, but the idea grew that government control was necessary to some extent to bridge the gap if and when collective bargaining failed.

To implement this idea, Singapore turned to Australia for guidance. Australia had had a long history of compulsory arbitration beginning with the Conciliation and Arbitration Act of 1904, and her experience with compulsory arbitration was far greater than that of any other Western country. Actually it was the legislation of the State of Western Australia, rather than the Commonwealth legislation, which was used by

Singapore as a basic model. From the beginning, however, the joint Government and trade union authors of the Singapore Bill realised that because of differences in political, social, and economic backgrounds, the Australian legislation could not be imposed without change upon Singapore. It had to be modified, subject to the wishes of workers organisations, to operate effectively in the new environment. In the end the Bill adopted was tailored to fit conditions in Singapore. It was a relative of the Australian legislation, but not a twin brother.

On February 13, 1960, the Singapore Legislative Assembly passed a Bill which created the Industrial Arbitration Court and became the basic legislation providing the rules governing industrial relations in the State of Singapore. The legislation as enacted by the Yang di-Pertuan Negara (Head of State), with the advice and consent of the Legislative Assembly, is known as the Industrial Relations Ordinance, 1960. It is an attempt to combine the best of two systems, free collective bargaining and compulsory arbitration, and to adapt the combination to the social, political and economic conditions in Singapore. When the Industrial Arbitration Court was inaugurated on October 24, 1960, a unique and important development in industrial relations began. Both the sponsors and the opponents of the legislation were well aware that a new era in industrial relations had come to Singapore, and that the future course of the local labour movement would be strongly influenced by the success or failure of this experiment.

Under the Ordinance, an Industrial Arbitration Court was created with a President and two other members. The President, appointed by the Yang di-Pertuan Negara in accordance with the advice of the Prime Minister, is not deemed to be a public servant, but has the same rights, privileges, protection, and immunity as a judge of the Supreme Court. The authors of the legislation purposely avoided the requirement that the President must be a judge. It was thought that it might be more advantageous that he be trained in such fields as industrial relations, economics, and accounting, although not necessarily as a union officer or a business manager. These last aspects could be covered by the two other Members of the court, one of whom is selected from an Employer Panel and one from an Employee Panel. The panels of ten Members each are developed from nominations made for employers by a trade union of employers and by the government as an employer, and for

employees by the N.T.U.C. Today there also exists a Second Industrial Court presided over by a Deputy President.

The Ordinance establishes a framework for collective bargaining by providing a system for conducting negotiations between employers and trade unions of employees. A trade union of employees may serve notice to negotiate on an employer or an employer may serve notice on a trade union. Time limits are established for the acceptance of the invitation to negotiate, and for the completion of a collective agreement to be delivered to the Registrar of the Court. If the invitation to negotiate is not accepted or if agreement cannot be reached, the Commissioner for Labour may be notified and he in turn may notify the Minister and the Registrar of the Court that a trade dispute exists. The Registrar then brings the trade dispute to the attention of the President of the Court.

When a collective agreement is successfully concluded, it must be presented to the Court for certification. The Court may refuse certification if it finds that the agreement is not in the public interest, and it must refuse if it does not comply with the standards established by the requirement that the time period of the agreement must not be less than 18 months or more than three years, unless the Court considers such time period to be inappropriate, and the requirement that there must be a provision for settling disputes arising out of the operation of the agreement by reference of such disputes to a referee. Decisions of the referee may be appealed to the Court. An agreement which has been certified by the Court is deemed to be an Award for the purposes of the Ordinance, and can be enforced under the terms of the Ordinance and sanctions are stipulated for non-compliance.

The Industrial Arbitration Court takes cognizance of a trade dispute when all the trade unions and employers who are parties to a trade dispute jointly make a request in writing to the Registrar that the dispute be submitted to arbitration, or when the Minister for Labour directs that the trade dispute be submitted to arbitration, or when the Yang di-Pertuan Negara declares by proclamation that, because of special circumstances, it is essential in the public interest that a trade dispute be submitted for arbitration. In practice the first channel to the Court is used far more frequently than the second and third.

The Ordinance does not abrogate the right to strike so long as collective bargaining is in progress, but once a dispute has gone to the court, direct action by either side is no longer permitted. Although the Court is instructed to

arrive at a just settlement of the dispute, it may have regard not only to the interests of the parties immediately concerned, but to the interests of the community as a whole and in particular to the condition of the economy of the State. The Ordinance thus emphasises the public interest as a criterion to be considered by the Court in settling a dispute, and stresses the general economic welfare as a very important aspect of the public interest. This emphasis on the economic aspects of the public interest is similar to that developed in Australian arbitration decisions.

Once a dispute has reached the Court by any one of the available routes, the Court has very broad powers to decide the dispute and to enforce its decision. Strong objections have been raised by both employees and employers to the finality of the Court's awards, and it is this feature which may have discouraged employers and employees on some occasions from jointly submitting disputes to the Court. When a dispute is pending before the Court, neither party legally may resort to economic force. This permits the Court frequently to refer a matter back to the parties for further negotiation, which now takes place in an atmosphere free of threats of force. It is a technique that is meant to encourage collective bargaining, but it has been criticised on the ground that the right to strike and the right to lockout are essential elements of the collective bargaining process and that without them true collective bargaining no longer exists. The criticism is well taken if "true collective bargaining" is equated with the extreme situation involving no governmental interference whatsoever. The Industrial Relations Ordinance was not designed to obtain "true collective bargaining" in this sense. It attempts to insure "industrial peace with justice" with the least possible sacrifice of freedom of action, but it recognises that some sacrifice must be made.

The Singapore Industrial Arbitration Court has been increasingly successful in prodding the parties to a dispute into agreement. The results of a mutual agreement would appear to be far more acceptable to the parties in most instances than the provisions of an Award imposed by the Court. The most serious objection to the technique is that it is time-consuming. If a matter in dispute is referred back to the parties once or more times, and agreement still is not reached, the Court eventually must make a decision which might have been made much sooner if the Court had taken immediate action. Speed often is an important consideration in

the settlement of industrial disputes. If one advantage must be sacrificed to obtain another, however, judgment must be used by the Court in determining the relative desirability of the choices in any particular case. The criticism that reference back to the parties destroys "true collective bargaining" is theoretical rather than actual. It envisages a complete freedom of collective bargaining which does not exist anywhere in the world of industrial relations.

Awards of the Court are binding upon all parties to the Award, and may be extended to others at the request of the Minister for Labour and on the recommendation of the Court. The Court is also empowered to interpret or vary the Award in order to remove ambiguity and uncertainty. However, subject to the provisions of the Ordinance, Awards are final and conclusive. They are not subject to challenge or appeal in any court, or to certiorari, prohibition, mandamus, or injunction. The Registrar has the duty to make available copies of every Award in Malay, English, Chinese, and Tamil, and employers must exhibit Awards and variations of Awards at convenient places for their employees to read. Breaches of Awards are punishable by fines.

Provisions are made for the reimbursement of an employee who has received less than the amount due to him under an Award. Complaints may be made to the Minister for Labour, the Parliamentary Secretary to the Minister, or to the Commissioner for Labour that a breach has occurred. The Industrial Arbitration Court has the power to order compliance with an Award proved to have been broken, and to enjoin a trade union or person from committing or continuing a contravention of any provision of the Ordinance. To enforce its Award the Court has the same power to punish as contempt of court a failure to comply with an order of the Court as that possessed by the High Court. The fines as penalties for contempt of Court are much heavier than those provided elsewhere in the Ordinance, and the penalty of imprisonment is also included.

The Industrial Arbitration Court is not bound to the formality or to the rules of evidence followed in an ordinary court of law. The parties in proceedings before the Court are entitled to speak through representatives, but these representatives must not be advocates or solicitors unless contempt proceedings are involved, or unless the court gives leave in proceedings in which the State Advocate-General has intervened. Ordinarily the representatives must be officers of employee or employer organisations,

or industrial relations officers selected by them. In this way the relative informality of the Court is maintained by minimising the interposition of legal technicalities and the costs of representation kept low.

The Court has devised its own procedures according to the powers granted to it. It may take evidence on oath or affirmation. It may summon the parties and witnesses before it and compel the production of books, papers, documents and other forms of evidence, subject to restrictions on the publication of financial and other information classified as trade secrets. It may hear and determine a trade dispute in the absence of a party, who has been served notice to appear. It may conduct any part of its proceedings in private. It may inspect premises. It may refer a matter to an expert and accept his report as evidence. It may direct parties to be joined in a trade dispute or eliminated from it. It may dismiss a trade dispute, or any part of a trade dispute, if it appears that it is trivial or that further proceedings are not desirable in the public interest. In general, the court may do all things necessary for an expeditious and just determination of a trade dispute.

Yet the power of the Industrial Arbitration Court is not absolute. The State Advocate-General may intervene in a trade dispute before the Court if he believes that the dispute relates to a matter of public importance, and provision is made for the Court to refer questions of law to the State Advocate-General. Also, the Minister for Labour may appoint a board of inquiry to investigate an industrial matter if he believes that there are special circumstances that would prevent a satisfactory solution through collective agreement or arbitration.

The remaining part of the Industrial Relations Ordinance contains miscellaneous provisions including protection against reprisals invoked upon those conforming to Awards and prohibitions against actions designed to discourage people from joining trade unions. Employers are forbidden to discriminate against employees for legitimate industrial action, and employees in similar circumstances are forbidden to discriminate against employers. The Minister for Labour is empowered to devise general regulations necessary for carrying out the provisions of the Ordinance and to prescribe fines for failure to comply with these regulations. In fact what

the legislators may have overlooked, the Minister can provide.

In the 19th century, when theories of *laissez faire*s yet upheld the sanctity of individual liberty, it might have been highly pertinent to ask why the State should interfere at all in industrial relations. Today, such a question has become futile, if not exactly meaningless; for the whole world is caught up, as it were, in the web of government. As one modern philosopher puts it, government has become "the vastest of all human enterprises. No private organisation of any kind, however world-embracing, no economic corporation or cartel, no cultural organisation such as a universal church, compares with government in the scale, multiplicity and variety of the tasks it performs".

In the advanced countries, the bitter experiences of two world wars, the demands of an articulate electorate, and the insatiable needs for the production, perfection and hoarding of armaments in the holy name of "defence", and, fundamental to this, the world-wide ideological conflict, are some of the imperatives of the time which apparently cloak the governments concerned with the right to extend their tentacles into practically every form of social and economic activity.

The developing countries see these matters in a different perspective, but the consequences, even from their point of view, demand more, not less, State intervention. To the newly emergent nations, woken as it were rather late in the day, the basic question is not whether the State should or should not undertake any particular function, but how much it can do, how quickly, and how efficiently. The developing nations are in a popular hurry, groping and experimenting to discover the type of government and economic system most suited to their individual circumstances — so that the fundamental question is not so much philosophical in terms of totalitarianism, communism, democracy, etc.: the basic question is essentially practical. The need is for organised total effort to improve the general standard of living and social welfare, both in absolute terms and in comparison with the developed countries. It is a compelling need which, in their view, only the State can fulfil. It is in such a background that conflicts and disputes occur, calling for means of settlement unique to our own separate environments.